BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D. C. 20268-0001

POSTAL RATE & FEE CHANGES, 1997

Docket No. R97-1

INTERROGATORIES OF TIME WARNER INC.
TO UNITED STATES POSTAL SERVICE WITNESS SECKAR: TW/USPS-T26-1-4
(August 26, 1997)

Pursuant to sections 25 and 26 of the Rules of Practice, Time Warner Inc. (Time Warner) directs the following interrogatories to United States Postal Service witness Seckar (USPS-T-26). If witness Seckar is unable to respond to any interrogatory, we request that a response be provided by an appropriate person capable of providing an answer.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the instant document on all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

Timothy L. Keegan

August 26, 1997

INTERROGATORIES TO WITNESS SECKAR (USPS-T-26)

TW/USPS-T26-1 Please refer to USPS-LR-H-134, Section 2, Page 8. Footnotes 2 and 3 on that page claim that 75% of non-barcoded periodicals mail is machinable and only 25% is non-machinable, referring to USPS-LR-H-105.

a. Confirm that in your flow models for periodicals flats you assume that all flats are machinable on the FSM-1000 machines and that you, as well as witness Byrne in his MC95-1 testimony, use the term "machinable" with reference to the FSM 881 machines. If you do not confirm, please explain.

b. Please provide an exact reference to the part of USPS-LR-H-105 which gives the machinability percentage for non-barcoded periodicals. Please also provide a summary description of how you believe that estimate was obtained, and state whether it applies to letters, flats or both.

c. Please confirm that flats (and letters) must be machinable in order to earn barcode discounts.

d. Assume that all machinable periodicals flats were converted to barcodes. Would you still assume 75% of the remaining, non-barcoded, flats to be machinable? Please explain your answer.

e. Please confirm that USPS witness Byrne, in his MC95-1 Periodicals mail flow models, assumed 25% of all flats to be non-machinable, rather than just 25% of non-barcoded flats. Please also confirm that Byrne's assumption was based on the estimate given at page 5 of LR-G-121 in R94-1, which referred to all flats, not only Periodicals flats. If you believe your assumption to be more accurate than that used by Byrne and LR-G-121, please explain fully.

f. Please refer to Exhibit USPS-2A in the direct testimony of USPS witness Pham (USPS-T-2) in MC91-1, the original flats automation case. Please confirm that Pham assumed only 52.94% machinability for all Periodicals (then second class) flats, versus 85.07% for First Class flats, and that he predicted machinability of Periodicals flats would increase to 56.97%, leaving 43.03% non-machinable, as a result of flats automation incentives. Please also state whether you believe that Periodicals flats today are significantly more machinable than Pham's FY91 estimate indicated and, if you do believe so, state all your reasons and provide all supporting evidence.

g. What would your model results be if you were to adopt: (1) witness Byrne's MC95-1 estimate that 25% of all flats are non-machinable; and (2) witness Pham's assumption that 43.03% of Periodicals flats are non-machinable? Please explain your answer.

TW/USPS-T26-2

a. Under the current presort categories for regular rate Periodicals, i.e. levels A, B and C, what percentages of regular rate periodicals pieces had presort levels A, B and C respectively in FY96, according to the billing determinants?

b. What proportion of the current level A in regular rate periodicals does the Postal Service believe would qualify for the 3-digit presort level if the proposed new presort categories were in effect today?

c. Assuming mailers do not change their presortation practices, but that current level A and B mailers take advantage of the new 5-digit and 3-digit rates to the extent that they already qualify for them, what percentages of regular rate periodicals will have respectively basic, 3-digit, 5-digit and carrier route presortation after the proposed rates are implemented? Please document your answer.

d. Assuming mailers do not change their presortation or barcoding practices, but that current level A and B mailers take advantage of the new 5-digit and 3-digit rates to the extent that they already qualify for them, what percentages of regular rate periodicals will be respectively basic barcoded, basic non-barcoded, 3-digit barcoded, 3-digit non-barcoded, 5-digit barcoded, 5-digit non-barcoded and carrier route presorted after the proposed rates are implemented? Please document your answer.

e. Refer to page 4, Section 2 of LR-H-134, which calculates a CRA adjustment factor for regular rate Periodicals flats. Please replace the weighting factors used on that page with the percentages given in response to part d of this interrogatory. Please state what the CRA adjustment factor becomes in that case.

TW/USPS-T26-3 The following table shows three sets of productivity rates (pieces per manhour) for mechanized and automated flat sorting using FSM 881 and FSM BCR. The first set contains the FY96 MODS productivity rates according to page 101 of LR-H-113. The second set, also from LR-H-113, contains the corresponding marginal productivity rates, obtained by dividing by the FSM variability factor of 0.9181. The third set is taken from page 13, section 2 in LR-H-134 and contains the marginal FSM 881 and FSM BCR productivity rates that you use in your model for regular rate Periodicals.

FSM BCR & FSM 881 Productivity Rates Per MODS & LR-H-134			
Flat Sorting Scheme:	FY96 Productivities		LR-H-134
	MODS	Marginal Prod.	Sect. 2, P. 13
Outgoing Primary -881	774	843	898
Outgoing Primary -BCR	1,078	1,174	1,198
Outgoing Secondary -881	885	964	956
Outgoing Secondary -BCR	955	1,040	1,198
State Distribution - 881	656	715	790
State Distribution - BCR	1,003	1,093	1,198
SCF -881	627	683	816
SCF -BCR	1,201	1,308	1,198
Incoming Primary -881	645	702	797
Incoming Primary -BCR	970	1,057	1,198
Incoming Secondary -881	584	637	780
Incoming Secondary -BCR	1,000	1,090	1,198

a. Please confirm that this table accurately represents both the FY96 productivity rates according to LR-H-113 and the rates that you have used in your model. If you do not confirm, please explain and provide the productivity rates you believe are the correct ones.

b. Footnote 2 on page 13, section 2 of LR-H-134 suggests that the FSM 881 rates you have used were obtained from LR-H-113. Please provide exact references to the part(s) of LR-H-113 that you got your FSM 881 rates from.

c. Please confirm that the FSM 881 rates you have used are higher at all sorting schemes except outgoing secondary than the FY96 rates indicated by MODS. If not confirmed, please explain.

d. Please confirm that the FSM BCR rates you have used are higher at all sorting schemes except SCF primary than the FY96 rates indicated by MODS. If not confirmed, please explain.

e. Given that FY96 is the base year used in this rate case, please explain why you have not used the FY96 actual productivity rates for FSM 881 and FSM BCR flat sorting. If applicable, please describe all steps the Postal Service is taking to assure that the mostly higher productivity rates you assume will really be achieved in FY98, as well as all evidence available at this time that such steps are having the desired effects.

f. Are there any reasons to believe that the productivity rates achieved in FSM OCR sorting, when OCR's have been installed, will be any higher than the FSM BCR rates achieved in FY96? If yes, please describe all such reasons.

TW/USPS-T26-4

a. Please confirm that you model for regular rate periodicals assumes a manual incoming secondary flat sorting productivity rate in facilities without FSM's of 817 pieces per manhour, or 944 pieces per manhour after applying the variability factor for manual flat sorting. If not confirmed, what do you assume?

b. Please confirm that according to page 101 of LR-H-113, the achieved productivity rate for mechanized incoming secondary flat sorting on FSM 881 machines was only 584 pieces per manhour (before applying the variability factor) in FY96. If not confirmed, please explain and provide the number you believe to be correct.

c. If non-FSM facilities achieve an incoming secondary flat sorting productivity of 817 pieces per manhour, including presumably both machinable and non-machinable flats, while FSM facilities only are able to sort 584 machinable flats per manhour, can one then not conclude that it would be more efficient for the Postal Service to drop FSM 881 incoming secondary sorting altogether, and sort all non-barcoded flats manually? If no, please explain fully.

d. Given the variability-weighted 1198 machinable flats per manhour that you assume will be achieved with FSM OCR incoming secondary sorting, the 40% reject rate for FSM OCR sorting, and the variability-weighted 944 machinable and non-machinable flats per manhour you assume can be achieved with manual incoming secondary sorting, will not use of the FSM OCR's for incoming secondary flat sorting simply have the effect of further increasing Periodicals mail processing costs? If no, please explain fully.